

3Q of FY2021 Presentation Materials



H2O RETAILING CORPORATION

- 1 . Consolidated Financial Results
- 2 . Results by segment
- 3 . Department store business
- 4 . Supermarket business

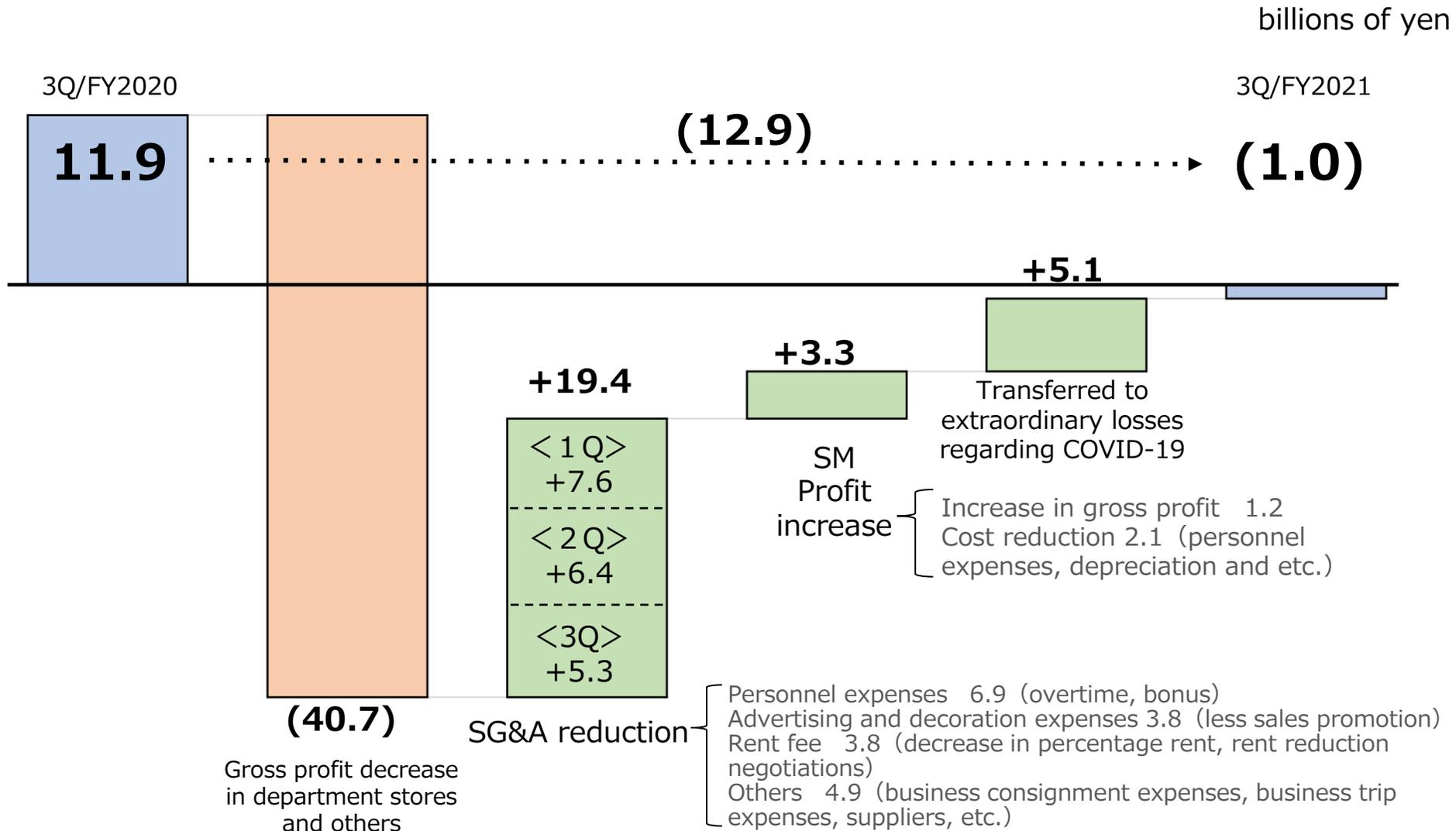
1. Consolidated Financial Results

- ▶ Sales decrease rate slowed and profit and loss returned black in 3Q due to sales recovery of department store
- ▶ recorded loss related to COVID-19 of ¥5.1 billion, impairment losses of ¥5.8 billion, etc. as extraordinary losses

(billions of yen)	Amount	Amount			Inc./Dec.	YOY
		1 Q	2 Q	3Q		
Sales	551.6	145.9	189.7	216.0	(142.4)	(20.5)%
Operating profit	(1.0)	(3.3) <small>Incl. loss related to Covid-19 (8.2)</small>	(1.1)	3.4	(12.9)	—
Ordinary Profit	(0.1)	(3.0)	(1.4)	4.3	(12.4)	—
Extraordinary income	3.0	0.0	2.4	0.6		
Extraordinary losses	12.8	5.2	6.2	1.3		
Profit	(8.1)	(6.1)	(4.0)	2.0	(10.6)	—

1. Consolidated Financial Results—Factors affecting OP

▶ Mitigating the impact of a decrease in gross profit of department store by sales increase in supermarkets and reducing SG&A



2. Results by segment

- ▶ Sales decrease rate slowed and profit and loss returned black in 3Q due to sales recovery of department store
- ▶ strong sales in SM business led by heightened eating-at-home demand
- ▶ Amount affected by Izumiya restructuring in SM and SC business segment
Sales ¥58.6 billion, OP ¥(3.3) billion

(billions of yen)	Sales			OP	
	Amount		YOY	Amount	YOY
Department store	252.7	(117.9)	(31.8)%	(1.0)	(11.7)
Supermarket	214.5	(56.1)	(20.7)%	4.5	5.6
				3 companies of SM 4.8[+6.6] Food manufacturing and other (0.3)[(1.0)]	
Shopping center	50.0	43.9	710.9%	0.3	(2.8)
Other	34.3	(12.3)	(26.3)%	(1.4)	(5.1)
Consolidation Adjustment				(3.4)	(1.1)
Consolidated	551.6	(142.4)	(20.5)%	(1.0)	(12.9)

Actual +2.4

Actual +0.5

3. Department store business

- ▶ Although there were signs of a recovery at a time, the re-expansion of the "third wave" of infections, the number of customers remained at a low level
- ▶ reduced costs due to less promotion and the revision of each spending (cost transferred to loss related to COVID-19 is ¥4.3 billion)

Hankyu Hanshin Department stores Inc. + Kobe/Takatsuki business

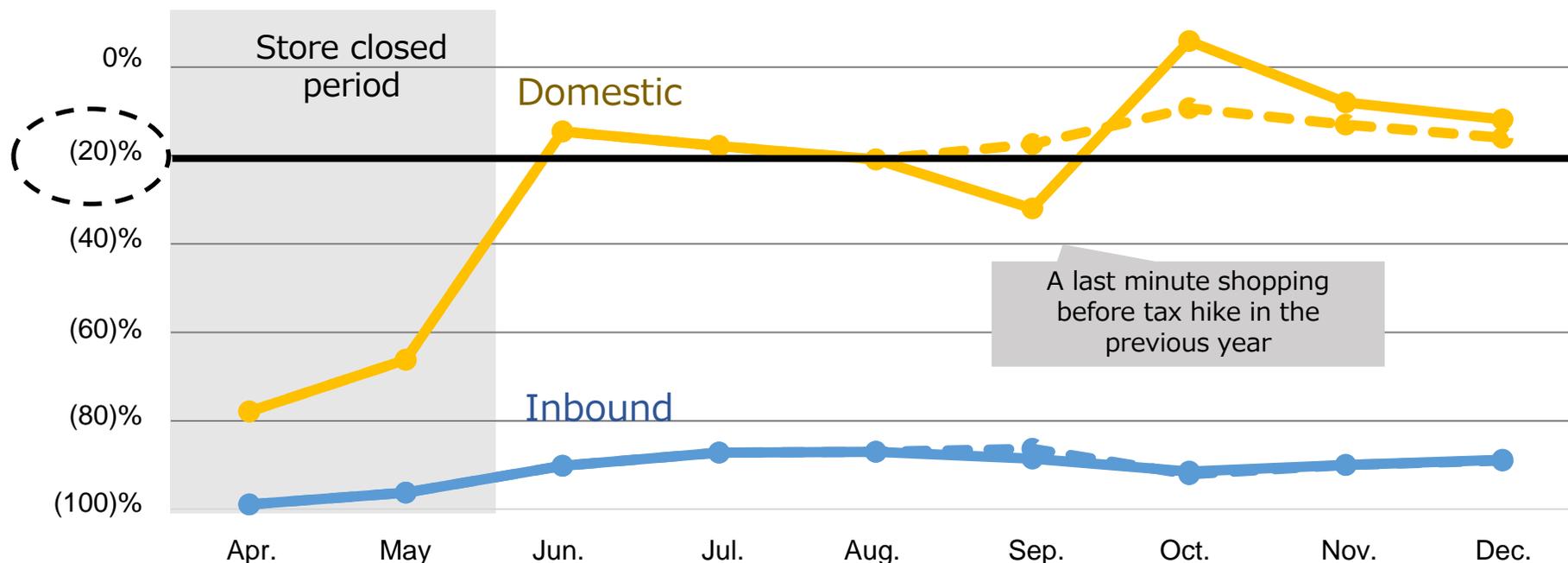
(billions of yen)	Amount	Amount			Inc./Dec.	YOY
		1 Q	2 Q	3Q		
Net Sales	251.1	48.1	89.1	113.9	(117.3)	(31.8)%
Gross Profit	57.8	11.0	20.3	26.5	(30.0)	(33.6)%
Gross Profit margin	23.02%	23.0%	22.8%	23.2%	(0.80)%	—
Other operating revenue	2.2	0.5	0.8	0.8	(0.4)	(16.7)%
SG & A	60.7	14.4	21.6	24.7	(19.0)	(23.8)%
Operating profit	(0.8)	(2.8)	(0.5)	(2.5)	(11.4)	—

Incl. loss related to Covid-19 (7.0)

3. Department store business

- ▶ Sales trend of domestic customers were beyond forecast from October to December(Forecast : 20% decrease from the same period of FY2019)
Anticipating seesawing sales situation due to “Third wave” of infections and the declaration of state of emergency.
- ▶ Inbound sales have fallen by about 90%.

Existing stores sales versus those of FY2020 and FY2019 (domestic/inbound)
(solid line : FY2020, dotted line : FY2019)



4. Supermarket business

▶ OP in supermarket companies significantly rose by the high demand for eating at home, and the effect of IZ restructuring.

<Izumiya> Actual OP growth excluding the effect of restructuring : ¥1.3 billion

OP increase led by sales increase ¥0.1 billion
 decrease in personnel expenses due to restructuring in FY2020 ¥1.04 billion
 decrease in depreciation due to impairment losses in FY2020 ¥0.17 billion

<Hankyu Oasis>OP growth : ¥1.8 billion

OP increase led by sales increase ¥1.4billion
 decrease in depreciation due to impairment losses in FY2020 ¥0.39 billion

(billions of yen)	Operating revenue			OP		
	Amount	YOY [existing stores]		Amount	YOY [existing stores]	
Izumiya	101.4	(60.3) Effect of restructuring (58.6)	(37.3)% [1.1%]	3.0	+4.6 Effect of restructuring +3.3	—
Hankyu Oasis	84.5	+1.7	2.1% [1.3%]	1.7	+1.8	—



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